

Toole County, Montana submitted a FY 2011 Rail Line Relocation and Improvement grant application to the Federal Railroad Administration on October 14, 2011. See below Project Narrative. The information included in the narrative is unchanged.

The FRA application provides additional context for the information described in the FY 2011 TIGER III project narrative.

Should FY 2011 FRA funds be awarded, USDOT will be immediately notified.

Shelby Intermodal Hub Rail Line Relocation Project

Submitted by Toole County, MT
October 14, 2011

United States Department of Transportation Federal Railroad Administration program for Capital Grants for Rail Line Relocation and Improvement Program



Designated AMTRAK parking wedged between a commercial truck access road and Burlington Northern Santa Fe's North 5 Track, where intermodal switching activities occur today.

4.2.1 Project Narrative/Statement of Work

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4.2.1 Project Narrative/Statement of Work

DESIGNATED POINT OF CONTACT:

Name: Larry Bonderud, Mayor

Phone Number: (406) 450-5196

Mailing Address: 112 1st Street South, Shelby, Montana 59474

Email Address: larry@shelbymt.gov

FEDERAL FUNDING REQUESTED, PROPOSED NON FEDERAL MATCH, TOTAL PROJECT COST:

Budget in Brief	
FY 2011 Federal FRA Funds Requested	\$2,694,283*
Proposed Non-Federal Match	\$299,364
Total Project Cost	\$2,993,647

This funding request will enable Toole County to relocate approximately 5,000 lineal feet of rail tracks by constructing a replacement track 1 1/2 miles southeast from its current location to eliminate a conflict between an AMTRAK passenger station and a BNSF Railway Intermodal Terminal.

The requested funds will pay for the construction of subgrade, sub-ballast, ballast, ties and rail for approximately 7,700 lineal feet of railroad track; the construction of two (2) positive train control compliant switches, construction of six (6) rail crossings and construction of a graveled unloading area between the primary and secondary spurs. **See Exhibit B (Design) and Exhibit H (Detailed Project Budget).**

Rail line relocation will reduce AMTRAK service delays currently caused by the conflict between passenger and freight rail movements adjacent to the AMTRAK Station. Improvements will enhance access to the Intermodal Facility, increase public safety and reduce the need for semi-trucks to drive through nearby residential streets and the downtown business district.

This project is a critical component of a much larger improvement project that will develop a 126-acre industrial park located within a 640-acre Tax Increment Finance District. FY 2011 FRA funds will be combined with \$6,879,093 in local, state, and federal funding that has already been committed to the completion of the project. The total project cost is \$9,573,376. The FY 2011 FRA funding request represents 28 percent of the total project cost.

The overall project would construct a full service industrial park facility to accommodate both rail and truck traffic. At full build-out the project will include water, sanitary sewer, storm water, gas and electricity. Rail will be constructed utilizing a primary and secondary spur off of

the existing mainline. Two (2) roadway accesses are proposed to facilitate truck and traffic safety. One roadway will follow southeast Front Street and access the northeast corner of the industrial park. The second roadway will be new construction and access the northwest corner of the industrial park via previously acquired right-of-way. Sanitary sewer and water services will be accommodated by the City of Shelby. Storm water facilities will be constructed to provide proper drainage and detention. Gas and electric facilities will tie into local service providers. See **Exhibit C (Project Overview)**.

**If partial funding is provided by the FRA, project construction could still advance. The minimum amount of FY 2011 FRA funding necessary to move the project forward is \$1,500,000. Federal FRA funds would be leveraged with local dollars and used to complete the construction of the main rail spur and begin the construction of the secondary rail spur.*

Table 2: Shelby Intermodal Hub Funding History to Date:

Fiscal Year	Source	Amount	Status	Purpose
FY 2006	FHWA TCSP Grant	\$990,000	Secured	FHWA Categorical Exclusion and partial project construction
FY 2006	Port of Northern Montana/City of Shelby	\$250,000	Secured	Local match for FY 2006 TCSP grant
FY 2010	Non-Competitive FRA RLRI Grant	\$974,000	Secured	FRA Categorical Exclusion and partial project construction
FY 2010	Port of Northern Montana/City of Shelby	\$121,750	Secured	Local match for FY 2010 FRA RLRI grant
FY 2011	EDA Public Facility Grant	\$320,000	Secured	Rail infrastructure at project site
FY 2011	MDT Revolving Loan	\$320,000	Committed	Rail infrastructure at project site
FY 2011	Port of Northern Montana/City of Shelby	\$320,000	Secured	Local match for FY 2011 EDA grant
FY 2011	Port of Northern Montana/City of Shelby	\$299,364	Pending	Local match for FY 2011 FRA grant (if approved)
FY 2011	Tax Increment Finance District*	\$3,603,979	Committed	Water, Sewer, Storm Drainage, Gas and Electricity
Total Federal		\$2,284,000	33%	
Total State		\$ 320,000	5%	
Total Local		\$4,275,093	62%	
Total Funding to Date		\$6,879,093	100%	

 Federal
  State
  Local

*The facility is located within a 640-acre Tax Increment Finance District. The Tax Increment Finance District intends to utilize its bonding authority to complete the delivery of water, sanitary sewer, storm water, gas and electricity to the project site. **See Exhibit A (Tax Increment Finance District).**

Pending Federal Requests

The Port of Northern Montana will submit a FY 2012 TIGER III Discretionary Grant application to the United State Department of Transportation by October 31, 2011 for this project. The TIGER III application will request funds for rail infrastructure and access roads. Toole County will immediately notify the FRA if a TIGER III grant is awarded.

Previous Federal Funding Sought but not Secured

\$2,600,000 was included in the FY 2011 Omnibus Appropriations Bill for the Shelby Intermodal Hub, as a congressionally designated high-priority project. The Omnibus Appropriations Bill was not enacted and therefore funding was not provided. Instead, the funding will be administered by the FRA through its FY 2011 Rail Line Relocation & Improvement Program. This application seeks to secure a portion of that funding.

The Port of Northern Montana also submitted a FY 2011 TIGER II application to the United States Department of Transportation and funding was not secured. The FY 2011 TIGER II funding request was for a much larger project that included elements outside of this application such as a transit facility, access roads and utilities.

HOW THE APPLICANT IS AN ELIGIBLE APPLICANT:

Per 49 CFR 262.3 and 262.7, Toole County is an eligible applicant. Toole County is a traditional political subdivision of the State of Montana and therefore is eligible to apply for funding under this program. Toole County has received and successfully administered funding from other Federal sources such as Federal Transit Administration funding from the United States Department of Transportation and Energy Efficiency and Conservation Block Grant funding from the United States Department of Energy.

DETAILED PROJECT DESCRIPTION & HOW THE PROJECT IS ELIGIBLE:

In accordance with part 262 to Title 49 CFR, which carries out the statutory mandate of section 9002 of SAFETEA-LU, the project is eligible as it is a construction project undertaken for the improvement of a rail line. The proposed rail line relocation improvement is a lateral relocation of a portion of a rail line for the purpose of mitigating adverse effects of rail traffic on safety, motor vehicle traffic flow and community quality of life.

The Burlington Northern Santa Fe (BNSF) Railway has operated an Intermodal Terminal at Shelby, Montana since 1987. The facility provides domestic trailer and domestic container service. The facility has reached a peak of 15,000 revenue lifts per year.

BNSF Railway's Intermodal Terminal is currently located in the heart of the City of Shelby in residential and central business districts. Semi-tractor and trailer traffic entering and leaving the

intermodal facility must pass through residential areas and central business areas. Semi-tractors and trailers entering and leaving the intermodal facility also have to pass within five feet of designated AMTRAK passenger parking areas. This semi traffic in and out of BNSF Railway's facilities at Shelby consistently interferes with AMTRAK pedestrian and vehicular access to the AMTRAK station. **See Exhibits E (Location and Vicinity Map) and F (Traffic Pattern Map).**

Switching activities for the BNSF Railway Intermodal Facility require trains to come onto BNSF Railway's north main line in front of the Shelby AMTRAK Depot. BNSF Railway switching activities often delay AMTRAK passenger service in Shelby by 20 minutes or more.

When the track (North 5) is being switched by BNSF, freight trains must pull out onto the same main line that serves the AMTRAK Depot. This switching activity can delay east and west bound AMTRAK trains that must utilize the same track for AMTRAK passenger boardings.

Each year 16,534 AMTRAK passengers board the AMTRAK Depot at Shelby. Shelby also serves as a crew change base for AMTRAK. AMTRAK train engineers, conductors and breakmen board AMTRAK trains at Shelby for their runs to Williston, ND and Spokane, WA. AMTRAK train delays affect the passenger rail customers' satisfaction and the passenger carrier's market share.



Above Photo Description: BNSF train switching off North 5 Track in front of AMTRAK Depot resulted in 20 minute AMTRAK passenger delay in October of 2011.

This project will relocate the existing BNSF Railway Intermodal Facility to an area that has easier access and is better served by semi-tractor trailers. **See Exhibit E (Location and Vicinity Map).**

The new facility will be much safer for the residents and visitors, as it will not require trucks with container trailers to access and leave the facility using residential streets and the central business districts. In 2010, 109 motor vehicle crashes occurred in Toole County. By contrast, neighboring Liberty County only experienced 9 crashes during this same time period. **See Exhibit D (Crash Data).**



Above Photo Description: Commercial truck driving through residential and commercial districts en route to BNSF Intermodal Facility, October 2011.



Above Photo Description: Commercial trucks driving through residential and commercial districts en route to BNSF Intermodal Facility, October 2011.

The project would move the existing BNSF Railway Intermodal Terminal approximately 1 ½ miles southeast and place it in a location that is safer for the public and more conducive to rail and commercial vehicle operations. **See Exhibit E (Location and Vicinity Map).**

Relocating the facility would eliminate conflicts with AMTRAK passenger rail operations as well as the nearby neighborhoods. This new location is zoned industrial and sits in a designated industrial Tax Increment Finance District. The District has excellent road, rail and highway access systems. **See Exhibit A (Tax Increment Finance District).**

FRA funds will be used to construct 7,700 feet of railroad track utilizing used 112 pound rail and ties that will meet FRA and BNSF Railway specifications. The track of the existing intermodal

facility is underweight and the existing ties are wooden. The current track was built with used rail that was placed in the facility and wooden ties that are not suitable for reuse. The railroad has been reluctant to expand rail and multimodal activities at the current location due to the freight and passenger conflicts. These are the same conflicts that create passenger service delays on AMTRAK.

Relocation of the current freight facility to the proposed location allows for an expanded facility to meet current productivity standards as well as an increase in capacity that is needed to meet future projections required of rail based freight activities to and from the region. Federal funds would also be used to install two (2) positive train control compliant switches for safety measures, construct six (6) crossings so rail workers can access both sides of the 7,700 linear feet of railroad track and a graveled unloading area between the primary and secondary spurs.

DISCUSSION OF HOW PROJECT MEETS ALL PROGRAM CRITERIA:

A. Capability of State to fund project without Federal grant funding

The State of Montana has indicated that while they recognize the safety and economic benefits of the project, they do not have the resources available to support the improvements in their entirety. **See Exhibit I (Letters of Support).**

The Montana Department of Transportation administers a low-interest revolving loan fund to support freight rail projects that enhance freight rail service in Montana, but its lendable balance is only \$600,000. The City of Shelby has applied for \$320,000 in Montana Department of Transportation loan funding for the project. The city was notified on October 13, 2011 that MDT expects to commit \$320,000 in such funding to the project.

B. Effects of project on motor vehicle and pedestrian traffic, safety, community quality of life and area commerce

Motor Vehicle & Pedestrian Traffic

The existing BNSF Railway Intermodal Terminal alignment limits automobile, commercial truck and pedestrian access to the City of Shelby's AMTRAK Station and AMTRAK parking areas. Today 45-50 BNSF trains pass this location daily and train volumes have steadily increased since 2000. Completion of the proposed project would eliminate motor vehicle and pedestrian traffic conflicts and a bottleneck at current AMTRAK passenger parking areas. According to 2009 Montana Department of Transportation AADT data, 4,360 vehicles pass through US 2 near the access points to the Intermodal Facility each day. This volume poses a great public risk at the current location.

BNSF Railway's existing rail line used for intermodal switching activity is located near an AMTRAK station. Semi-tractor and trailer traffic entering and leaving the current BNSF Railway facility have to pass within five (5) feet of designated AMTRAK passenger parking

areas, causing bottlenecks at AMTRAK passenger parking areas. Passengers and pedestrians wanting to exit the parking lots are frequently delayed while commercial trucks enter and depart the BNSF Railway facility.



Above Photo Description: Trans-loading activities occurring on BNSF's house track on October 2, 2011.

Each year 16,534 passengers board trains at the Shelby AMTRAK Depot. The project would also eliminate a motor vehicle and pedestrian bottleneck at the city's Galena Street crossing, located at the east end of the AMTRAK Depot and loading platform. BNSF switching activities on the North 5 track blocks the Galena Street crossing, creating a series of traffic backups as vehicles attempt to access US 2. Galena Street is also a pedestrian crossing and switching activities frequently cause pedestrian delays and safety risks. The Galena Street crossing is also used by emergency vehicles which connect to Marias Medical Center and school buses that service all School District 14 schools located north of the current BNSF Intermodal Facility site. Currently 709 children age 18 and under live within Shelby city limits.

In addition, the project would relocate semi-tractor and trailer traffic from zoned residential and central business areas to a zoned industrial area. BNSF Railway's existing facility is located right in the heart of the City of Shelby. Semi-tractor and trailer traffic entering and leaving the intermodal facility must pass through residential areas and central business areas. Relocating the existing BNSF Railway Intermodal Terminal to a zoned industrial Tax Increment Finance District will reduce commercial truck traffic on residential and business district streets and improve motor vehicle traffic flow throughout the City of Shelby. **See Exhibit F (Traffic Pattern Map).**

Safety

The project addresses safety issues that have been identified by city and county officials and local economic development leaders:

BNSF routinely switches on a house track within 10 feet north of the AMTRAK Depot. This track is switched at a minimum of two (2) times per day which often obstructs passenger access to the Depot and passenger parking. This track crosses handicap access

and normal pedestrian crossings to the AMTRAK Depot, posing a danger and delaying pedestrians access the AMTRAK Depot. See below two photos.



Above Photo Description: Elderly handicapped man with walking aid utilizing AMTRAK's handicap pedestrian crossing.



Above Photo Description: Handicap parking and access to AMTRAK station. Passengers must cross BNSF's house track for station access.

Compared to the year 2010, businesses in the affected area, such as American Pulse, are projected to receive up to 10% increased volume of commercial truck deliveries by the year 2012. Access to the existing BNSF Intermodal Facility which handles 15,000 lifts per year requires commercial trucks to cross multiple lanes of traffic in order to navigate the turn. Each lift represents 2.2 truck movements past the intermodal gate. This poses a danger to motor and pedestrian traffic traveling this route when the trucks make their deliveries. See below photo on page 9.



Above Photo Description: Commercial truck crossing into oncoming traffic lane to navigate turn in downtown business area on October 2, 2011.

Commercial truck traffic entering and leaving the proposed Intermodal Facility from Interstate 15 and US 2 will have no grade crossings as they utilize the new facility.

Switching activities at the current BNSF Railway Intermodal Terminal require commercial vehicles to drive within five feet of a designated AMTRAK passenger parking lot at Shelby, posing a risk to pedestrians trying to access the AMTRAK parking lot.



Above Photo Description: Designated AMTRAK parking is wedged between an access road frequently used by commercial truck traffic and BNSF's North 5 Track, where intermodal switching activities occur today.

BNSF switching activities on the North 5 track blocks the Galena Street crossing, creating a series of traffic backups as vehicles attempt to access US 2. Galena Street is

also a pedestrian crossing and switching activities and resulting traffic jams delay and complicate pedestrian mobility at this crossing. The Galena Street crossing is also used by emergency vehicles which connect to Marias Medical Center and school buses that service all School District 14 schools located north of the current BNSF Intermodal Facility site.

BNSF Railway's existing facility is located right in the heart of the City of Shelby. Semi-tractor and trailer traffic entering and leaving the intermodal facility must pass through residential areas and central business areas, increasing the risk of vehicular collisions and pedestrian accidents. According to 2009 Montana Department of Transportation data, 4,360 vehicles pass through US 2 near the access point to the existing Intermodal Facility each day. In 2010, 109 vehicle crashes occurred in Toole County compared to only 9 in neighboring Liberty County.



Above Photo Description: Commercial truck traffic passing through residential and commercial Business Districts en route to BNSF Intermodal Facility.

Finally, relocating the BNSF's intermodal switching activities 1 ½ miles southeast would free up 100 acres of land owned by BNSF Railway. The BNSF Railway would utilize this area for material storage for its railroad maintenance and safety program. Storage at the current site is limited due to container storage needs.



Above Photo Description: Containers at BNSF Intermodal Facility could limit BNSF's ability to store railroad maintenance and safety materials. October 2011.

Community Quality of Life

The proposed project will improve the community quality of life for City of Shelby and Toole County residents and business entities. This project is a critical component of the City of Shelby's Growth Policy. Toole County and the City of Shelby have been working in a collaborative effort to develop this high quality Growth Policy since 1990 when the city first received \$50,000 in TCSP funding for this planning activity. Toole County has experienced a one percent growth rate per year since 1990. It is anticipated that with the completion of this facility, Toole County's growth rate would move to a manageable two percent growth rate per year. The City of Shelby's Growth Policy anticipates this growth rate up until 2024, where the population will then level off.

Relocation of the BNSF Intermodal Facility into a zoned industrial area within a Tax Increment Finance District is a key infrastructure change identified in the Growth Policy and will enable the rest of the plan to move forward. Without relocation of the BNSF tracks, construction of and rail access to a planned industrial park will be significantly hindered. Thus, community quality of life goals and objectives will be compromised. Concentrating development funds into a single, multi-phased project helps generate economic renewal and revitalization of the Shelby community.

The project will also eliminate a motor vehicle traffic bottleneck at designated AMTRAK passenger parking areas and at Galena Street crossing, as described above. Each year, 16,534 passengers board the AMTRAK Depot at Shelby. While area commerce benefits from this service, it can take a toll on the community. Oftentimes, passengers and drivers wanting to exit the AMTRAK station have to wait while commercial trucks delivering freight enter and depart the neighboring BNSF Intermodal Facility. Once free to leave, volumes of traffic move through town, causing congestion at many of the main intersections throughout the city.

Completing the proposed project will eliminate those dangerous bottlenecks thereby improving motor vehicle traffic flow throughout the community and enhancing community quality of life. Relocation of the freight terminal will also allow the intermodal facility to realize its true market potential in an unconstrained fashion. The resulting economic benefits will also help to improve quality of life in Toole County and the City of Shelby.

Area Commerce

Relocating the rail tracks will help facilitate the development of Montana's first true multimodal facility. It will accommodate oversized equipment deliveries, value added food commodities and manufactured products—a significant commercial accomplishment for the community, region and State of Montana. Relocating the tracks to a zoned industrial Tax Increment Finance District will provide BNSF Railway with an additional transload facility to support the identified and validated demand projections for carload service in the region, largely due to wind and alternative energy activity.

Wind and conventional energy opportunities are abundant in Northern Montana. Shelby is the gateway for Canadian Oil Sands equipment. Northern Montana rates as one of the most desirable locations to establish wind energy operations. The state is ranked among the top five (5) states for wind power potential and several utility-scale wind farms are in currently already in operation in Montana. Over \$1 billion of wind projects are under construction in Toole County. The Rim Rock Wind Farm project will provide 320 MWH of power and is scheduled for completion in 2014. Preliminary construction started on the Rim Rock wind farm in September 2011.

The current installed commercial wind capacity 10 miles west of Shelby is 386 megawatts. In 2009, Montana ranked ninth in the US for wind electricity generation producing 820,924 MWH of electricity. More than three percent of the electricity generated in Montana that year came from wind. The percentage of Montana wind generated electricity has increased since 2009. Relocating the facility to a zoned industrial area will allow the intermodal facility to ship and receive energy equipment and supplies in an unconstrained fashion.

A list of commercial entities expected to benefit from the project is located on page 20.

C. The effects of the rail line on freight and passenger rail operations Effects of the Proposed Relocation on Freight Rail Operations

Freight Rail Operations

The new rail tracks will be located on BNSF's north/south main line at Shelby and will greatly improve switching activities in Shelby. Switching of facilities located near or adjacent to the current Shelby rail yard facility requires trains to access BNSF's very busy east/west mainline corridor. The new facility would relocate switching activities to BNSF Railway's south main line at Shelby and would be a very positive improvement for the whole rail system. This will deconflict freight movements from passenger movements in front of the AMTRAK station.

Passenger Rail Operations

Switching activities at the current BNSF Railway Intermodal Terminal require trains to come onto BNSF Railway's north main line in front of the Shelby AMTRAK Depot. BNSF switching activities in Shelby often delay AMTRAK passenger service. Each year 16,534 AMTRAK passengers board the train at the Shelby AMTRAK Depot. AMTRAK trains are frequently held east and west of Shelby waiting for the north main to clear so AMTRAK trains can arrive at the AMTRAK Depot. AMTRAK had a low 16.5 percent on-time performance in August 2011 as compared to a national goal of 80 percent on-time performance. BNSF Railway Company caused 78.8 percent of total train interference for AMTRAK in Shelby. **See below Route Performance Chart on page 13.**

Route Performance

We know that on-time performance is an important ingredient in fulfilling Amtrak's quest for providing quality customer service. As many of you know, the tracks Amtrak trains travel outside of the Northeast Corridor are owned by various freight railroads. We offer this information as an opportunity for you to follow along as we work with those railroads on the path to improvement and to assist you in planning your trip.

Empire Builder

Chicago - St. Paul - Portland/Seattle

On-Time Performance (Route)	
August 2011	Last 12 Months
16.5%	37.9%

View Performance by Train

Select a Train **GO!**

[Glossary of Terms](#)

Primary Cause of Delays August 2011
Train Interference: 31.7% 78.8% on BNSF Railway Company 16.9% on CP Rail (Soo Line) 3.1% on Metra
Track and Signals: 26.1% 93.5% on BNSF Railway Company 5.9% on CP Rail (Soo Line) 0.3% on Metra
Passenger: 19.9% 93.1% on BNSF Railway Company 5.0% on CP Rail (Soo Line) 1.6% on Amtrak

Top three causes of delays, in % of delay minutes, may not add up to 100%.



Above Photo Description: AMTRAK's Empire Builder reroute around BNSF rail switching activity at Shelby yard resulted in 20 minute passenger delay, October 2011.

D. Equitable treatment of various regions of the United States

The Shelby Intermodal Hub Relocation project is located in Shelby, Montana in FRA Region 8 (R8). The City of Shelby is a rural community with a population of 3,216. Toole County has a population of 5,141(2010 US Census).

Since 2008, the State of Montana has only received \$974,000 or one percent of the \$60,754,200 awarded to date through FRA Rail Line Relocation & Improvement Capital Grant program, as demonstrated in the below Table 3. During that same period, R8 has only received \$7,642,000 or 12.5 percent of the total amount.

Table 3: Rail Line Relocation & Improvement Capital Grant Program Funding History

Year	Type	Amount	Montana	Region 8
FY 2008	Non-Competitive	\$5,135,000	\$0	\$196,000 (3.8%)
FY 2008	Competitive	\$14,000,000	\$0	\$2,000,000 (14.2%)
FY 2009	Non-Competitive	\$17,100,000	\$0	\$950,000 (5.5%)
FY 2010	Non-Competitive	\$24,519,200	\$974,000* (4%)	\$4,496,000 (18%)
TOTAL		\$60,754,200	\$974,000 (1%)	\$7,642,000 (12.5%)

*Shelby Intermodal Hub.

E. Other factors

Categorical Exclusions

The entire project as proposed has received both FHWA and FRA Categorical Exclusions. **See Exhibit G (Categorical Exclusions)**. This track relocation project is 100% ready to go, with all environmental work complete. The project can be under construction within 60 days of grant award and obligation. **See Exhibit K (Project Schedule)**.

Cost Effectiveness

Only two (2) Intermodal Facilities exist in State of Montana, the fourth largest state in the United States. A new facility that has the capability of delivering containerized exports is needed to support the anticipated economic growth of the region. FRA's \$2,694,283 investment would be the key factor in the development of this facility. FRA's investment will be leveraged with \$6,879,093 in local, state, and federal funding that has already been committed to this project and dedicated to completing it. The total project cost is \$9,573,376—including elements outside of this application such as bringing water, wastewater, storm water, electricity and natural gas to the project site. Therefore, the FY 2011 FRA funding request for rail infrastructure improvements represents 28 percent of the overall total project cost.

DETAILED SCOPE OF WORK

This funding request will enable Toole County to relocate approximately 5,000 lineal feet of rail tracks by constructing a replacement track 1 1/2 miles southeast from its current location to eliminate a conflict between an AMTRAK passenger station and a BNSF Railway Intermodal Terminal.

The requested funds will pay for the construction of subgrade, sub-ballast, ballast, ties and rail for approximately 7,700 lineal feet of railroad track; the construction of two (2) positive train control compliant switches, construction of six (6) rail crossings and construction of a graveled unloading area between the primary and secondary spurs. **See Exhibit B (Rail Status Map).**

Anticipated Project Schedule

Shelby Intermodal Hub Relocation Project Preliminary Schedule Oct-11	
Submit Design to FRA	September, 2012
Obtain FRA Approval	October, 2012
Advertise for Bids	January, 2013
Bids Due	February, 2013
Construction Contract in Place	February, 2013
Issue Notice to Proceed and Begin Construction	April, 2013
Complete Construction	September, 2013

Project’s physical Location

The proposed project is located in the City of Shelby in Toole County, Montana. It is situated in a zoned industrial district within a 640-acre Tax Increment Finance District. The project is located in Township 31 North, Range 2 West, Sections 2 & 3 and Township 32 North, Range 2 West, Sections 27, 28, 34 and 35. No bodies of water, archaeological sites or sites listed on the National Register of Historic Places are within the project area. No manmade structures are on the site.

Plans or Schematics

See Exhibits B, C, E and F.

Feasibility Determinations

A November 2008 study prepared for the State of Montana Department of Transportation in cooperation with the United State Federal Highway Administration indicates that building a terminal or modifying an existing terminal to accommodate intermodal shipping in Montana is feasible. The study also identified the City of Shelby as the most desirable location for such a facility, primarily due to the city’s location at the crossroads of Highway 2 and Interstate 15 and

on BNSF Railway's main east/west rail line route. A copy of the report can be found on the Port of Northern Montana's website at <http://pnmshelby.com>.

The project is also technically feasible. All necessary technical reviews have been completed. The preliminary design was prepared by design engineers and approved by engineering. The design team has completed approximately 40 percent of the project and foresees no complicating or project ending factors. The property is flat, with no significant environmental features or concerns. Shippers have provided letters of support for the development of the facility.

FHWA and FRA Categorical Exclusions for the entire project are complete. **See Exhibit G (Categorical Exclusions).**

Cost Estimates

The track relocation project requested in this application is estimated to cost \$2,993,648. This includes construction, site work, project inspection fees, engineering fees, administrative expenses, legal fees and contingencies. **See Exhibit H (Detailed Project Budget).**

Description of the Overall Project and specification of which component will involve FRA funding

Overall Project

This funding request seeks \$2,694,283 in FY 2011 FRA Rail Relocation funding which will be combined with \$6,879,093 in local, state, and federal funds that has already been committed for the completion of the larger facility project. The total project cost is \$9,573,376. The FY 2011 FRA funding request for rail infrastructure improvements represents only 28 percent of the overall project, which would construct a full service industrial park facility, accommodating both rail and truck traffic. At full build-out the project will include water, sanitary sewer, storm water, gas and electricity. Rail will be constructed utilizing a primary and secondary spur off of the existing mainline. Two (2) roadway accesses are proposed to facilitate truck and traffic safety. One roadway will follow southeast Front Street and access the northeast corner of the industrial park. The second roadway will be new construction and access the northwestern corner of the industrial park via previously acquired right-of-way. Sanitary sewer and water services will be accommodated by the City of Shelby. Storm water facilities will be constructed to provide proper drainage and detention. Gas and electric facilities will tie into local service providers. **See Exhibit C (Project Overview).**

Specifics on the Component to be Funded with FY 2011 FRA Funding

This funding request will enable Toole County to relocate approximately 5,000 lineal feet of rail tracks by constructing a replacement track 1 1/2 miles southeast from its current location to eliminate a conflict between an AMTRAK passenger station and a BNSF Railway Intermodal Terminal.

The requested funds will pay for the construction of subgrade, sub-ballast, ballast, ties and rail for approximately 7,700 lineal feet of railroad track; the construction of two (2) positive train control compliant switches, construction of six (6) rail crossings and construction of a graveled unloading area between the primary and secondary spurs. **See Exhibit B (Rail Status Map).**

The completed project will allow BNSF Railway to relocate 100 percent of its intermodal switching operations to the new site. The old site will be repurposed to support other railroad operations. See BNSF Railway letter of support for the project. **See Exhibit I (Letters of Support).**

DESCRIPTION OF IMPLEMENTATION AND MANAGEMENT

Project Contracting

The applicant, Toole County, will comply with all Federal Procurement Rules, as set forth in CFR 15 parts 14 or 24, as applicable, for award of any contracts for architectural engineering, grant administration services, or construction financed with FRA funding.

Contract Oversight

Contract oversight will be the responsibility of Toole County.

Change-Order Management

Change-order management will be the responsibility of Toole County.

Risk Management

Risk management will be the responsibility of Toole County.

Conformance to Federal Requirements for Project Progress Reporting

Toole County will comply with the reporting requirements under the Government Performance and Results Act of 1993 (GPRA) for measuring and reporting project performance.

PUBLIC AND PRIVATE BENEFITS

How Benefits Outweigh the Costs of the Proposed Project

The benefits of the project far outweigh the cost. An investment of \$2,694,283 in FRA funding would complete a \$9,573,376 project that has been under development with the help of the federal government since FY 2006. Completion of the project will:

- Reduce motor vehicle delays and removed pedestrian traffic obstructions, improve community quality of life and area commerce
- Eliminate safety risks identified by local elected officials and economic development leaders

- Separate BNSF Railway's freight rail operations and AMTRAK's passenger rail operations to improve operational efficiency and safety
- Relocate all BNSF Railway intermodal switching operations in Shelby from zoned residential and commercial districts to a zoned industrial TIF District to improve motor vehicle and pedestrian traffic, area commerce and community quality of life. This relocation will allow the existing business model in Shelby to grow and participate in future industrial growth which would not be possible at the current restricted facility.
- Allow for longer trains at the Port of Northern Montana and provide BNSF Railway with an additional transload facility. By meeting the need for high quality transload services, the project would generate jobs, support economic development and provide critical access to transportation for the region. The current site is not capable of participating in BNSF's long range intermodal operating vision and risks closure if not updated to accommodate today's standard 7,700 foot trains.
- Enhance safety and mobility by removing 14,560 semi-trucks from the road annually. Each BNSF intermodal train can take up to 280 trucks off of our nation's crowded highways. Providing BNSF with an additional transload facility would afford BNSF and ocean container companies with an opportunity to displace 14,560 commercial vehicles each year.
- Benefit area commerce by reducing shipping costs. Trucks averaging five (5) miles per gallon driving from Shelby, Montana to Vancouver, Washington travel 1560 miles round-trip and consume 7,800 gallons of diesel gasoline at the average cost of \$3.80 per gallon or \$29,640 per round-trip. Multiplying that by 14,560 commercial trucks each year, the proposed project would result in annual fuel savings of \$4.31 million each year.
- Reduce greenhouse gas emissions by providing an alternative to semi-truck shipments. Railroads are the most environmentally friendly mode of surface transportation and BNSF is among the rail industry's leaders. Each train can move one ton of freight 423 miles on a single gallon of diesel fuel.

Commitments the Applicant Has Secured from Private Entities that are expected to Benefit from the Project:

Numerous private companies would benefit from the project, as it would afford them with an opportunity to transport goods to the Pacific Northwest via container freight shipments. Efforts have been made to secure financial contributions or commitments from project beneficiaries to pay a portion of the relocation costs.

In June of 1994, Congress passed legislation to allow Alberta, British Columbia and Saskatchewan length and load limits to be legal between the US Canadian border and Shelby, Montana. This greatly expanded the service area for cargo to access the Port facilities in Shelby.

To date, the following commitments have been secured:

Employer	Product & Destination	Estimated Containers/ Year	Container Size	Permanent Jobs Created	Pledged Commitment
American Pulse	Peas/Lentils India	2600 (50 per week x 52 weeks)	20 foot	25	\$2,000,000 for American Pulse facility construction near proposed rail facility
Euro Malt	Malt Barley Canada	520 (10 per week x 52 weeks)	40 foot	2	\$500,000 for Euro Malt facility construction near proposed rail facility
Green Prairie International	Compressed Hay Japan	1,300 (25 per week x 52 weeks)	40 foot	15	\$1,000,000 for Lift Machine
NW Pork Cooperative	Pork China	5,040 (96 per week x 52 weeks)	40 foot	235	\$250 million for pork processing facility near proposed rail facility
Pasta Pasta	Pasta Japan	780 (15 per week x 52 weeks)	40 foot	2	To be Announced
Halliburton	Frack Sand Williston Basin	1820 (35 per week x 52 weeks)	40 foot	9	To be Announced
Mountain View Reload	Frack Sand Canada	1040 (20 per week x 52 weeks)	40 foot	5	\$1,000,000 for facility construction near proposed rail facility
Sanjel Corp	Frack Sand Montana	780 (15 per week x 52 weeks)	40 foot	2	To be Announced
Ingnimbrite	Bagged Potassium India	10,400 (200 per week x 52 weeks)	20 foot	25	To be Announced
TOTAL INVESTMENT					\$4.5 million

In addition, efforts have been made to secure financial contributions or commitments from BNSF Railway to pay a portion of the relocation costs. However, these efforts have not been successful to date since operation of the BNSF Railway tracks in their current alignment works for BNSF Railway. Thus, the railroad has little incentive to become a financial partner in the relocation effort. BNSF Railway does endorse the project and is prepared to be fully cooperative in the relocation effort on the condition that all costs for right-of-way acquisition and track relocation will be paid for by parties other than BNSF Railway. As is demonstrated in other communities, it is BNSF Railway's corporate model and philosophy (in order to reduce their risk) to have all future Intermodal Facilities owned and maintained by private or private-public partnerships. In exchange, BNSF Railway commits to providing rail service to these facilities.

ENVIRONMENTAL AND HISTORIC PRESERVATION IMPACTS

NEPA: FHWA and FRA Categorical Exclusions are complete and are enclosed. **See Exhibit G (Categorical Exclusions).**

National Historic Preservation Act: In accordance with Section 106 of the National Preservation Act of 1966, as amended, and the Archeological and Historic Preservation Act of 1974, a Class III cultural resources survey and surface evaluation was completed by Gar C. Wood and Associates, Archeological Consultants on September 19 and 20, 2006. The study area encompassed the proposed Shelby Intermodal Hub project site, the subject of the FY 2011 FRA RLRI grant proposal. The study area also encompassed a proposed access route to the area along 13th Street and SE Front Street, which part of the larger project but not part of the FY 2011 FRA RLRI grant request. The archeological survey did not find culturally significant resources within the study area and recommended a finding of No Adverse Effect. As part of the FHWA CATEX process, FHWA made a recommendation of No Historic Properties Affected and SHPO has concurred with this recommendation.

Section 4(f) of the DOT Act: There are no properties within the proposed project area that are protected by Section 4(f).

Clean Water Act: There is no water body modification associated with the proposed project. Wetland Delineation Biological Resources reports have been completed.

Other applicable Federal or State Laws: The State Historic Properties Office made a finding of No Historic Properties Affected. The Montana Department of Environmental Quality indicated that no permits are required for this phase of the project. A cultural resource inventory was conducted per the Montana Historical Society's request. A Wetland delineation report was completed. A biological resources review was completed.